

AUGUST 10, 1981

THE DIRECTOR OF THE DIVISION OF STATE LANDS TOOK FORMAL ACTION ON AUGUST 10, 1981, AT 10:00 A.M. IN THE STATE LAND OFFICE, ROOM 411, EMPIRE BUILDING, 231 EAST 400 SOUTH, SALT LAKE CITY, UTAH 84111, ON THE BELOW LISTED MINERAL AND SURFACE BUSINESS MATTERS AS INDICATED.

REQUEST FOR AMENDMENT OF MINERAL SALTS LEASE ML 29864

Mr. William J. Colman, lessee under Mineral Salt Lease 29864 has requested that this lease be amended to add certain lands listed below to the lease area and also to include a right-of-way for a canal to convey brines to certain of the leased lands:

T10N, R11W, SLM.
Sec. 1: $W\frac{1}{2}$
Sec. 2: $E\frac{1}{2}$
Sec. 11: $N\frac{1}{2}$, $N\frac{1}{2}S\frac{1}{2}$

T11N, R11W, SLM.
Sec. 24: All
Sec. 25: All
Sec. 36: All

T11N, R10W, SLM.
Sec's. 19-24: Inclusive

T11N, R8W, SLM.
Sec. 7: All
Sec. 8: $S\frac{1}{2}$
Sec. 9: $S\frac{1}{2}$
Sec. 16: All
Sec. 17: $E\frac{1}{2}$
Sec. 21: $E\frac{1}{2}$

The lands in T11N, R8,10,11W, SLM., are within the area where the Legislature has given the Division of Wildlife Resources rights to use the land for Wildlife purposes. We have contacted the Division of Wildlife Resources as to their feelings on this project and they advised us that they cannot approve the issuance of the lease on the lands in T11N, R8,10,11W, SLM. They also asked that certain requirements be placed in the lease concerning the construction and operation of the canal right-of-way. These concerns have been conveyed to Mr. Colman and he has no objection to adding these provisions to the lease. The right-of-way crosses a portion of the lands listed to Aluminum Company of America under Mineral Salts lease ML 24261. Aluminum Company of America has indicated that they have no objection to the issuance of this canal right-of-way over a portion of their leased lands.

I, therefore, recommend that Mr. Colman's request be rejected as to the lands in T11N, R8,10,11W, SLM., but that it be approved as to lands in the $W\frac{1}{2}$ Sec. 1, $E\frac{1}{2}$ Sec. 2, $N\frac{1}{2}$, $N\frac{1}{2}S\frac{1}{2}$ Sec. 11, T10N, R11W, SLM., containing 1120.00 acres and that it also be amended to include the following canal right-of-way and that the following conditions are made a part of the canal right-of-way granted:

Conditions:

1. The canal must not create a safety hazard or access barrier to foot hunters.
2. Vehicle traffic to and along the canal right-of-way be limited to the State (Division of Wildlife Resources) and the lessee.
3. Construction and maintenance activities of the canal and right-of-way be restricted, except in emergency, to mid-summer (July-August) and late winter (January-February).
4. The right-of-way be restricted to 100 feet or less in width.

REQUEST FOR AMENDMENT OF MINERAL SALTS LEASE ML 29864 - CONTINUED *MDP*
bp

Conditions: (continued)

5. The Division of Wildlife Resources be provided with canal construction plans and consulted before canal construction is initiated.
6. No berm be instructed on the upper side of the canal.

Canal Right-of-Way:

Commencing at the intersection of the projected north line of Section 21, T11N, R9W, SLM., with the waters of the Great Salt Lake, thence west to the projected northwest corner of Section 20, T11N, R9W, SLM., thence S 55°30' W 2 miles; thence West 5 miles; th S 15° W 9¼ miles; to the projected northwest corner of Section 11, T9N, R11W, SLM., th S 1½ miles; th S 21° E 6 miles; th S 28°30' E 1½ miles; th S 19°30' E 1½ miles; th S 10°30' E 2½ miles; th S 2½ miles; th S 33° W 1½ miles; th S 75°20' W ¾ mile; th S 1 mile, th S 41°30' E 2 miles; th S 65°15' E 2½ miles to the projected northwest corner of Section 14, T6N, R10W, SLM.

Subject to a canal right-of-way in Section 17, T7S, R10W, SLM., which right-of-way is part of mineral Salt Lease ML 24261.

All locations of section lines and corners are from the protraction map of the Great Salt Lake adopted by the Board of State Lands on April 18, 1978.

This will increase the acreage of ML 29864 to 21,115.95 acres.

Upon recommendation of Mr. Prince, the Director approved the above request for amendment of mineral salts lease.

OIL AND GAS DRILLING BOND, ML 27742 *MDP*
bp

Hunt Oil Company, operator under ML 27742, has submitted a bond of lessee to cover their operations under this Oil, Gas, and Hydrocarbon lease. This bond is in the amount of \$10,000. The surety is The American Insurance Company, Bond Number 518 51 09.

This bond is in order. Upon recommendation of Mr. Prince, the Director accepted this bond to cover operations by Hunt Oil Company under ML 27742.

REQUEST FOR EXTENSION OF DRILLING REQUIREMENT UNDER GEOTHERMAL STEAM LEASES
ML 33457, AND ML 33458 *MDP*
bp

Phillips Petroleum Company as lessee under the geothermal steam leases listed above, has requested a five-year extension in which to commence drilling operations under these geothermal steam leases. These leases were issued October 26, 1976, for a term of ten years. Section 10 of these leases provides as follows:

10. Development of Leasehold Estate: Lessee agrees to commence drilling operations on a well at an appropriate location within the leasehold estate within five (5) years from the date hereof, and to prosecute the drilling with reasonable diligence until products are discovered in sufficient commercial potential, or to a depth below which further drilling would be unprofitable in the written opinion of the Lessee issued to the Lessor. Such five (5) year period may be extended by the Lessor for a period not to exceed five (5) years upon written application by Lessee showing good cause therefore not more than ninety (90) days nor less than thirty (30) days prior to expiration of the initial five (5) year period. At any time within said five (5) year period, Lessee may surrender its rights under this lease and agreement. Lessee also shall have the right to drill such well or wells on the leasehold estate at such location or locations deemed desirable by Lessee upon thirty (30) days notice in writing, which location or locations shall not unreasonably interfere with rights of holders of lease or leases and special use permits from the State of Utah. No well shall be drilled within 100 feet of the boundary line of the leasehold nor within 100 feet of any building on the surface of the leasehold without written permission of the Lessor.

REQUEST FOR EXTENSION OF DRILLING REQUIREMENT UNDER GEOTHERMAL STEAM LEASES
ML 33457, AND ML 33458 -- CONTINUED *DDP*

Phillips Petroleum Company has been the company most active in geothermal exploration in Southwestern Utah.

It is the Staff's feeling that Phillips Petroleum Company has been diligent in conducting geothermal exploration on the leases listed above along with other lands held by that company; therefore, upon recommendation of Mr. Prince, the Director approve a five-year extension of the drilling requirements of these leases.

REQUEST FOR APPROVAL OF THE PETES WASH UNIT *EWB*

Cotton Petroleum Corporation, operator of the Petes Wash Unit, has submitted this unit for approval by the State of Utah. The Petes Wash Unit is located approximately 25 miles south of Roosevelt. This unit contains 15,352.28 acres of which 13,432.28 acres or 87.50 percent are Federal lands and 1,920.00 acres or 12.50 percent are State lands. The unit agreement provides that the operator will, within six months after the effective date of the unit, commence the drilling of a well of a depth sufficient to test the upper 500 feet of the Mesaverde formation, but not to exceed 9,700 feet. This unit is on the standard unit agreement form and contains all of the necessary State Land provisions.

The following are the State of Utah leases in this unit:

ML 21860	Gulf Oil Corporation
ML 21861	Gulf Oil Corporation
ML 28041	Belco Petroleum Corporation
ML 38361	Diamond Shamrock Corporation

Diamond Shamrock Corporation, lessee of ML 38361 is undecided on joining the unit. The remaining leases have been committed to the unit.

Upon recommendation of Mr. Bonner, the Director approved the above unit.

APPROVAL OF THE EIGHT MILE FLAT UNIT *EWB*

This office has received evidence that the Eight Mile Flat Unit was approved by the United States Geological Survey on July 30, 1981.

The records of the following leases should be noted to show this approval.

ML 21847	Natural Gas Corporation of California - 75%
	Chorney Oil Company - 25%
ML 21848	Natural Gas Corporation of California - 75%
	Chorney Oil Company - 25%
ML 22058	Natural Gas Corporation of California - 75%
	Chorney Oil Company - 25%
ML 22059	Natural Gas Corporation of California - 75%
	Chorney Oil Company - 25%

Upon recommendation of Mr. Bonner, the Director approved the above unit.

APPROVAL OF THE ZEKE'S HOLE UNIT *EWB*

This office has received evidence that the Zeke's Hole Unit was approved by the United States Geological Survey on July 29, 1981.

The records of the following leases should be noted to show this approval.

ML 34162	Celeste C. Grynberg
ML 38554	Ladd Petroleum Corporation

Upon recommendation of Mr. Bonner, the Director approved the above unit.

REQUEST FOR APPROVAL OF THE OIL CANYON II UNIT *EWB*

Del-Rio Drilling Programs, Inc., operator of the Oil Canyon II Unit, has submitted this unit for approval by the State of Utah. The Oil Canyon II Unit is located on the south flank of the Uinta Basin in Uintah County. This unit contains 24,456.67 acres of which 21,256.76 acres or 86.92 percent are Federal lands and 3,199.91 acres or 13.08 percent are State lands. The unit agreement provides that the operator will, within six months after the effective date of the unit, commence the drilling of a well of a depth sufficient to test the upper 1,000 feet of the Mesaverde Formation, but not to exceed 5,700 feet. This unit is on the standard unit agreement form and contains all of the necessary State Land provisions.

The following are the State of Utah leases in this unit.

ML 21718	Exxon Corporation - 62.5%
	Natural Gas Corporation of California - 37.5%
ML 21719	Natural Gas Corporation of California - 37.5%
	Mono Power Company - 37.5%
	Chorney Oil Company - 25%
ML 21720	Natural Gas Corporation of California - 37.5%
	Mono Power Company - 37.5%
	Chorney Oil Company - 25%
ML 21721	Exxon Corporation - 62.5%
	Natural Gas Corporation of California - 37.5%
ML 22324	Exxon Corporation - 62.5%
	Natural Gas Corporation of California - 37.5%

These leases have been committed to the unit.

Upon recommendation of Mr. Bonner, the Director approved the above unit.

SURFACE BUSINESS MATTERS

GRAZING LEASE AMORTIZATION

MMW

GP 17132 Range Improvement
GP 17133 Range Improvement

A total of 700 acres was sprayed for sagebrush control on the Book Cliff Land Block in Sections 26, 17, 34, 35 of Township 16 South, Range 22 East, Salt Lake Base & Meridian in Grand County. This work is to be amortized (based on December 13, 1977 Land Board action), totaling \$4,539.00, based on a ten year amortization period.

This will amount to \$453.90 per year and will be achieved by an increase of 1.1 cents per acre on a total of 41,263.71 acres over a ten year period to begin January 1, 1983, and which includes the following:

<u>GP NO.</u>	<u>ACRES</u>	<u>INCREASED TO AMORTIZE FOR NEXT TEN YEARS</u>	<u>INCREASE</u>
17132	23,698.10	\$0.011	\$260.68
17133	17,565.61	\$0.011	193.22
	41,263.71		<u>\$453.90</u>

This increase of 1.1 cents per acre is to be dropped at the end of a ten year period of amortization.

Upon recommendation of Mr. Wall, the Director approved the above grazing lease amortization.

GRAZING EXTENSION OF AMORTIZATION

MMW

Based on a ten year amortization schedule on range improvement projects, an extension of the following grazing permits is required;

<u>GP NO.</u>	<u>ISSUED</u>	<u>BASED ON PREVIOUS EXTENSION DATE FOR RENEWAL</u>	<u>RENEWAL EXTENDED TO</u>
17132	1/1/72	12/31/91	12/31/92
17133	1/1/72	12/31/91	12/31/92

The existing grazing permits and billing ledger cards should be noted accordingly. These lessees are to be notified of the approval of this action.

Upon recommendation of Mr. Wall, the Director approved the above grazing extension of amortization.

RIGHT OF WAY NO. 2188

MMW

Mile-Hi Exploration Company, Inc., 9025 East Keynon Ave., Denver, CO 80237 has submitted an application for a seismic survey--vibroseis method across the following described State lands:

Township 13 South, Range 12 East, Salt Lake Base & Meridian
Section 32 Carbon County

Township 14 South, Range 13 East, Salt Lake Base & Meridian
Section 2 Carbon County

The fee for a seismic survey-vibroseis method based on two miles at \$50.00/mile totals \$100.00, plus a \$20.00 application fee totaling \$120.00. Expiration date is October 15, 1981. School fund.

Upon recommendation of Mr. Wall, the Director approved the above right of entry.

ASSIGNMENT OF GRAZING PERMITS OF 19693, 21032, 21240

mmw

Keith N. Coleman, representing Coleman's, has submitted an assignment of these grazing permits to R. W. Young, Box 596, Duchesne, UT 84021. Upon recommendation of Mr. Wall, the Director approved the above assignment of grazing permits.

REFUND OF APPLICATION FEE OF RIGHT OF WAY

Right of Way No. 1921 RP

Castle Valley River Ranchos, 1801 Century Park West, Los Angeles, CA 90067, on August 10, 1981 submitted an initial payment of \$4,000.20 plus a \$20.00 application fee. The application fee was previously paid on May 5, 1980. Refund of duplicate payment is recommended.

Upon recommendation of Mr. Pratt, the Director approved the above refund.

RIGHT OF ENTRY APPLICATIONS PBW

R/W # 2187

Sandia Laboratories, Albuquerque, New Mexico 87115, Attn: Martin S. Tierney, has submitted an application to conduct detailed geotechnical and environmental studies necessary to prepare a draft EIS on the following described State land:

Township 1 South, Range 11 West, SLB&M
Section 32: All Tooele County

The initial payment is \$200.00, plus a \$20.00 application fee totaling \$220.00. School Fund. The expiration date is September 1, 1981.

Upon recommendation of Mr. Wilcox, the Director approved the above right of way.

R/W # 2189 PBW

Frontier Exploration, Incorporated, c/o James D. Perkins, Panguitch, Utah 84759, has submitted application to conduct a seismic survey across the following described State land:

Township 2 South, Range 9 West, SLB&M
Section 2 Tooele County

Township 1 South, Range 12 West, SLB&M
Section 16

Township 1 South, Range 14 West, SLB&M
Section 2

Township 1 North, Range 14 West, SLB&M
Section 32

Township 1 North, Range 14½ West, SLB&M
Section 36

Township 1 South, Range 15 West, SLB&M
Section 2

Township 1 North, Range 15 West, SLB&M
Section 32

RIGHT OF ENTRY APPLICATIONS - CONTINUED *RBV*

R/W # 2189 (cont.)

Township 1 North, Range 17 West, SLB&M
Section 31

Township 2 South, Range 8 West, SLB&M
Section 2

Township 1 North, Range 18 West, SLB&M
Section 36

The initial payment will be \$470.00, plus a \$20.00 application fee for a total of \$490.00. School Fund. Expiration Date: October 31, 1981.

Upon recommendation of Mr. Wilcox, the Director approved the above right of way.

RIGHT OF ENTRY APPLICATIONS

R/W # 2190 *LHB. gjo*

Seis-Port Explorations, 30 West Main, Salina, Utah 84654, Attention: Tim Hill, has submitted an application for a seismic survey (primacord) 1 mile @ \$100.00 per mile across the following described State land in Sanpete County, Utah:

Township 17 South, Range 1 East
Section 15 Sanpete County
Section 16

The initial payment is \$100.00, plus a \$20.00 application fee totaling \$120.00. School fund. The expiration date is November 1, 1981.

Upon recommendation of Mr. Brown, the Director approved the above right of way.

R/W No. 2191 *LHB gjo*

Western Geophysical Co., P.O. Box 1186, Fillmore, Utah 84631, has submitted an application for a seismic survey (vibroiseis) 5 miles @ \$50.00 per mile across the following described State land in Millard County, Utah:

Township 19 South, Range 6 West
Section 32 Millard Co.
Section 36 Millard Co.

Township 18 South, Range 6 West
Section 16 Millard Co.
Section 32: SE1/4SE1/4 Millard Co.

Township 20 South, Range 7 West
Section 2 Millard Co.

Township 20 South, Range 6 West
Section 2 Millard Co.

The initial payment is \$250.00, plus a \$20.00 application fee totaling \$270.00. School fund. The expiration date is November 1, 1981.

Upon recommendation of Mr. Brown, the Director approved the above right of way.

<u>INTEREST RATES</u>	<u>CURRENT</u>	<u>YEAR ABO</u>
Prime Rate	20-1/2	11-1/2
Federal Funds	9-1/2	13-7/8
Discount Rate	13.00	11.00

GRAZING LEASE TO BE CANCELLED

The following grazing lease is to be cancelled due to non-payment of 1981 rental. Certified notice was mailed.

D. Homer Jensen

GL 16845

Sevier County

Upon recommendation of Mr. Miller, the Director approved the above cancellation.

REFUND REQUESTED

William W. Whitley is requesting a refund of rental paid on ML 35887 on behalf of Nord-Montana Petroleum Corp. 1981 rental was paid by both companies. The rental to be refunded was paid on June 23, 1980 in the amount of \$120.00 - receipt #Z-11299.

Upon recommendation of Mr. Miller, the Director approved the above refund request.



WILLIAM K. DINEHART, DIRECTOR
DIVISION OF STATE LANDS AND FORESTRY



BECKY PRITCHETT, SECRETARY

ARCHIVES APPROVAL NO. 7900209

8/10/81 bp

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